

A REPUBLIC, IF YOU CAN KEEP IT

The SPEAKER pro tempore (Mr. GREEN of Wisconsin). Under the Speaker's announced policy of January 6, 1999, the gentleman from Texas (Mr. PAUL) is recognized for 60 minutes.

Mr. PAUL. Mr. Speaker, I have taken this special order this evening to discuss the importance of the American Republic and why it should be preserved.

Mr. Speaker, the dawn of a new century and millennium is upon us and prompts many of us to reflect on our past and prepare for the future. Our Nation, divinely blessed, has much to be thankful for. The blessings of liberty resulting from the Republic our forefathers designed have far surpassed the wildest dreams of all previous generations.

The form of government secured by the Declaration of Independence, the American Revolution and the Constitution is unique in history and reflects the strongly held beliefs of the American revolutionaries. At the close of the Constitutional Convention in Philadelphia on September 18, 1787, a Mrs. Powell anxiously awaited the results and as Benjamin Franklin emerged from the long task now finished asked him directly, "Well, Doctor, what have we got? A republic or a monarchy?" "A republic, if you can keep it," responded Franklin.

The term "republic" had a significant meaning for both of them and all early Americans. It meant a lot more than just representative government and was a form of government in stark contrast to pure democracy where the majority dictated laws and rights. And getting rid of the English monarchy was what the revolution was all about, so a monarchy was out of the question.

The American Republic required strict limitation of government power. Those powers permitted would be precisely defined and delegated by the people with all public officials being bound by their oath of office to uphold the Constitution. The democratic process would be limited to the election of our leaders and not used for granting special privileges to any group or individual nor for defining rights.

Federalism, the binding together loosely of the several States, would serve to prevent the concentration of power in a central government and was a crucial element in the new republic. The authors of the Constitution wrote strict limits on the national government and strove to protect the rights and powers of the State and the people.

Dividing and keeping separate the legislative, executive, and the judiciary branches provided the checks and balances thought needed to preserve the Republic the Constitution created and the best way to preserve individual liberty.

The American Revolutionaries clearly chose liberty over security for their

economic security and their very lives were threatened by undertaking the job of forming a new and limited government. Most would have been a lot richer and safer by sticking with the King. Economic needs or desires were not the driving force behind the early American patriotic effort.

The Revolution and subsequent Constitution settled the question as to which authority should rule man's action, the individual or the state. The authors of the Constitution clearly understood that man has free will to make personal choices and be responsible for the consequences of his own actions. Man, they knew, was not simply to be a cog in a wheel or a single cell of an organism or a branch of a tree but an individual with free will and responsibility for his eternal soul as well as his life on earth. If God could permit spiritual freedom, government certainly ought to permit the political freedom that allows one to pursue life's dreams and assume one's responsibilities.

If man can achieve spiritual redemption through grace which allows him to use the released spiritual energy to pursue man's highest and noblest goals, so should man's mind, body, and property be freed from the burdens of unchecked government authority. The founders were confident that this would release the creative human energy required to produce the goods and services that would improve the living standards of all mankind.

Minimizing government authority over the people was critical to this endeavor. Just as the individual was key to salvation, individual effort was the key to worldly endeavors. Little doubt existed that material abundance and sustenance came from work and effort, family, friends, church, and voluntary community action, as long as government did not obstruct.

No doubts were cast as to where rights came from. They came from the Creator. And if government could not grant rights to individuals, it certainly should not be able to take them away. If government could provide rights or privileges, it was reasoned, it could only occur at the expense of someone else or with the loss of personal liberty in general.

Our constitutional Republic, according to our founders, should above all else protect the rights of the minority against the abuses of an authoritarian majority. They feared democracy as much as monarchy and demanded a weak executive, a restrained court, and a handicapped legislature.

It was clearly recognized that equal justice and protection of the minority was not egalitarianism. Socialism and welfarism were never considered. The colonists wanted to be free of the King's oppressive high taxes and burdensome regulations. It annoyed them that even their trees on their own

property could not be cut without the King's permission. The King kept the best trees for himself and his ship-building industry. This violation of property ownership prompted the colonists to use the pine tree on an early revolutionary flag to symbolize the freedom they sought.

The Constitution made it clear that the government was not to interfere with productive, nonviolent human energy. This is the key element that has permitted America's great achievements. It was a great plan. We should all be thankful for the bravery and wisdom of those who established this Nation and secured the Constitution for us. We have been the political and economic envy of the world. We have truly been blessed.

The founders often spoke of divine providence and that God willed us this great Nation. It has been a grand experiment, but it is important that the fundamental moral premises that underpin this Nation are understood and maintained. We, as Members of Congress, have that responsibility.

This is a good year to address this subject, the beginning of a new century and millennium provides a wonderful opportunity for all of us to dedicate ourselves to studying and preserving these important principles of liberty.

One would have to conclude from history as well as current conditions that the American Republic has been extremely successful. It certainly has allowed the creation of great wealth with a large middle-class and many very wealthy corporations and individuals. Although the poor are still among us, compared to other parts of the world, even the poor in this country have done quite well.

We still can freely move about from town to town, State to State, and job to job. Free education is available to everyone, even for those who do not want it or care about it. But the capable and the incapable are offered a government education. We can attend the church of our choice, start a newspaper, use the Internet and meet in private when we choose. Food is plentiful throughout the country and oftentimes even wasted. Medical technology has dramatically advanced and increased life expectancy for both men and women.

Government statistics are continuously reaffirming our great prosperity with evidence of high and rising wages, no inflation, and high consumer confidence and spending. The U.S. Government still enjoys good credit and a strong currency in relationship to most other currencies of the world. We have no trouble financing our public nor private debt. Housing markets are booming and interest rates remain reasonable by modern day standards. Unemployment is low.

Recreational spending and time spent at leisure are at historic highs. Stock

market profits are benefiting more families than ever in our history. Income, payroll, and capital gains taxes have been a windfall for politicians who lack no creative skills in figuring out how to keep the tax-and-spend policies in full gear. The American people accept the status quo and hold no grudges against our President.

The nature of a republic and the current status of our own are of little concern to the American people in general. Yet there is a small minority ignored by political, academic, and media personnel who do spend time thinking about the importance of what the proper role for government should be. The comparison of today's government to the one established by our Constitution is the subject of deep discussion for those who concern themselves with the future and look beyond the fall election.

The benefits we enjoy are a result of the Constitution our founding fathers had the wisdom to write. However, understanding the principles that were used to establish our Nation is crucial to its preservation and something we cannot neglect.

Unbelievable changes have occurred in the 20th century. We went from the horse and buggy age to the space age. Computer technology and the Internet have dramatically changed the way we live. All kinds of information and opinions on any subject are now available by clicking a few buttons. Technology offers an opportunity for everyone who seeks to the truth to find it, yet at the same time it enhances the ability of government to monitor our every physical, communicative, and financial move.

Mr. Speaker, let there be no doubt. For the true believers in big government, they see this technology as a great advantage for their cause. We are currently witnessing an ongoing effort by our government to develop a national ID card, a medical data bank, a work data bank, "Know Your Customer" regulations on banking activity, a national security agent all-pervasive telephone snooping system called Echelon, and many other programs. There are good reasons to understand the many ramifications of the many technological advancements we have seen over the century to make sure that the good technology is not used by the government to do bad things.

□ 2045

The 20th century has truly been a century of unbelievable technological advancement. We should be cognizant of what this technology has done to the size and nature of our own Government. It could easily be argued that, with greater technological advances, the need for government ought to decline and private alternatives be enhanced. But there is not much evidence for that argument.

In 1902, the cost of Government activities at all levels came to 7.7 percent of GDP. Today it is more than 50 percent.

Government officials oversee everything we do, from regulating the amount of water in our commodes to placing airbags in our cars, safety locks on our guns, and using our own land. Almost every daily activity we engage in is monitored or regulated by some Government agency. If one attempts to just avoid Government harassment, one finds himself in deep trouble with the law.

Yes, we can be grateful that the technological developments in the marketplace over the last 100 years have made our lives more prosperous and enjoyable. But any observant person must be annoyed by the ever-present Big Brother that watches and records our every move.

The idea that we are responsible for our own actions has been seriously undermined. And it would be grossly misleading to argue that the huge growth in the size of government has been helpful and necessary in raising the standard of living of so many Americans.

Since government cannot create anything, it can only resort to using force to redistribute the goods that energetic citizens produce. The old-fashioned term for this is "theft."

It is clear that our great prosperity has come in spite of the obstacles that big government places in our way and not because of it. And besides, our current prosperity may well not be as permanent as many believe.

Quite a few major changes in public policy have occurred in this century. These changes in policy reflect our current attitude toward the American Republic and the Constitution and help us to understand what to expect in the future. Economic prosperity seems to have prevailed. But the appropriate question asked by too few Americans is, have our personal liberties been undermined?

Taxes: Taxes are certainly higher. A federal income tax of 35 to 40 percent is something many middle-class Americans must pay, while, on average, they work for the Government more than half the year. In passing on our estates from one generation to the next, our partner, the U.S. Government, decides on its share before the next generation can take over.

The estate tax certainly verifies the saying about the inevitability of death and taxes. At the turn of the century, we had neither. And in spite of a continuous outcry against both, there is no sign that either will soon be eliminated.

Accepting the principle behind both the income and the estate tax concedes the statist notion that the Government owns the fruits of our labor as well as our savings and we are permitted by

the politicians' generosity to keep a certain percentage.

Every tax cut proposal in Washington now is considered a cost to Government, not the return of something rightfully belonging to a productive citizen. This principle is true whether it is a 1 percent or 70 percent income tax. Concern for this principle has been rarely expressed in a serious manner over the past 50 years. The withholding process has permitted many to believe that a tax rebate at the end of the year comes as a gift from Government.

Because of this, the real cost of Government to the taxpayer is obscured. The income tax has grown to such an extent and the Government is so dependent on it that any talk of eliminating the income tax is just that, talk. A casual acceptance of the principle behind high taxation with an income tax and an inheritance tax is incompatible with the principle belief in a true republic. It is impossible to maintain a high tax system without the sacrifice of liberty and an undermining of property ownership. If kept in place, such a system will undermine prosperity regardless of how well off we may presently be.

In truth, the amount of taxes we now pay compared to 100 years ago is shocking. There is little philosophic condemnation by the intellectual community, the political leaders, or the media of this immoral system. This should be a warning sign to all of us that even in less prosperous times we can expect high taxes and that our productive economic system will come under attack.

Not only have we seen little resistance to the current high tax system, it has become an acceptable notion that this system is moral and is a justified requirement to finance the welfare/warfare state.

Propaganda polls are continuously cited claiming that the American people do not want tax reductions. High taxes, except for only short periods of time, are incompatible with liberty and prosperity. We will, I am sure, be given the opportunity in the early part of the next century to make a choice between the two. I am certain of my preference.

Welfare: There was no welfare state in 1900. In the year 2000, we have a huge welfare state which continues to grow each year. Not that special interest legislation did not exist in the 19th century. But for the most part, it was limited and directed toward the monied interest, the most egregious example being the railroads.

The modern-day welfare state has steadily grown since the Great Depression of the 1930s. The Federal Government is now involved in providing healthcare, houses, unemployment benefits, education, food stamps to millions, plus all kinds of subsidies to every conceivable special interest group. Welfare is now a part of our culture, costing hundreds of billions of

dollars every year. It is now thought to be a right, something one is entitled to. Calling it an entitlement makes it sound proper and respectable and not based on theft.

Anyone who has a need, desire, or demand and can get the politicians' attention will get what he wants even though it may be at the expense of someone else.

Today, it is considered morally right and politically correct to promote the welfare state. Any suggestion otherwise is considered political suicide.

The acceptance of the welfare ethic and rejection of the work ethic as the process for improving one's economic condition are now ingrained in our political institutions. This process was started in earnest in the 1930s, received a big boost in the 1960s, and has continued a steady growth even through the 1990s despite some rhetoric in opposition.

This public acceptance has occurred in spite of the fact that there is no evidence that welfare is a true help in assisting the needy. Its abject failure around the world where welfarism took the next step into socialism has even a worse record.

The transition in the past hundred years from essentially no welfare to an all encompassing welfare state represents a major change in attitude in the United States. Along with the acceptance, the promoters have dramatically reinterpreted the Constitution in the way it had been for our first 150 years.

Where the General Welfare clause once had a clear general meaning, which was intended to prohibit special interest welfare and was something they detested and revolted against under King George, it is now used to justify any demand of any group as long as a majority in the Congress votes for it.

But the history is clear and the words in the Constitution are precise. Madison and Jefferson, in explaining the General Welfare clause, left no doubt as to its meaning.

Madison said, "With respect to the words 'general welfare,' I have always regarded them as qualified by the detail of power connected with them. To take them in a literal and unlimited sense would be a metamorphosis of the Constitution and to a character which there is a host of proof not contemplated by its creators."

Madison argued that there would be no purpose whatsoever for the enumeration of the particular powers if the General Welfare clause was to be broadly interpreted.

The Constitution granted authority to the Federal Government to do only 20 things, each to be carried out for the benefits of the general welfare of all the people.

This understanding of the Constitution, as described by the Father of the

Constitution, has been lost in this century. Jefferson was just as clear, writing in 1798 when he said, "Congress has not unlimited powers to provide for the general welfare but only those specifically enumerated."

With the modern-day interpretation of the General Welfare clause, the principle of individual liberty in the Doctrine of Enumerated Powers have been made meaningless.

The goal of strictly limiting the power of our national Government as was intended by the Constitution is impossible to achieve as long as it is acceptable for Congress to redistribute wealth in an egalitarian welfare state.

There is no way that personal liberty will not suffer with every effort to expand or make the welfare state efficient. And the sad part is that the sincere effort to help people do better economically through welfare programs always fails. Dependency replaces self-reliance, while the sense of self-worth of the recipient suffers, making for an angry, unhappy and dissatisfied society. The cost in dollar terms is high, but the cost in terms of liberty is even greater but generally ignored; and, in the long run, there is nothing to show for this sacrifice.

Today there is no serious effort to challenge welfare as a way of life, and its uncontrolled growth in the next economic downturn is to be expected. Too many citizens now believe they are entitled to the monetary assistance from the Government anytime they need it and they expect it. Even in times of plenty, the direction has been to continue expanding education, welfare, and retirement benefits.

No one asked where the Government gets the money to finance the welfare state. Is it morally right to do so? Is it authorized in the Constitution? Does it help anyone in the long run? Who suffers from the policy? Until these questions are seriously asked and correctly answered, we cannot expect the march toward a pervasive welfare state to stop and we can expect our liberties to be continuously compromised.

The concept of the Doctrine of Enumerated Powers was picked away at in the latter part of the 19th century over strong objection by many constitutionalists. But it was not until the drumbeat of fear coming from the Roosevelt administration during the Great Depression that the courts virtually rewrote the Constitution by reinterpretation of the General Welfare clause.

In 1936, the New Deal Supreme Court told Congress and the American people that the Constitution is irrelevant when it comes to limits being placed on congressional spending. In a ruling justifying the Agricultural Adjustment Act, the Court pronounced, "The power of Congress to authorize appropriations of public money for public purposes is not limited by the grants of legislative power found in the Constitution."

With the stroke of a pen, the courts amended the Constitution in such a sweeping manner that it literally legalized the entire welfare state, which, not surprisingly, has grown by leaps and bounds ever since.

Since this ruling, we have rarely heard the true explanation of the General Welfare clause as being a restriction of government power, not a grant of unlimited power.

We cannot ignore corporate welfare, which is part of the problem. Most people think the welfare state involves only giving something to the unfortunate poor. This is generally true. But once the principle established that special benefits are legitimate, the monied interests see the advantages and influences the legislative process.

Our system, which pays lip service to free enterprise and private property ownership, is drifting towards a form of fascism or corporatism rather than conventional socialism. And where the poor never seem to benefit under welfare, corporations become richer. But it should have been expected that once the principle of favoritism was established, the contest would be over who has the greatest clout in Washington.

No wonder lobbyists are willing to spend \$125 million per month influencing Congress; it is a good investment. No amount of campaign finance reform or regulation of lobbyists can deal with this problem. The problem lies in the now accepted role for our Government. Government has too much control over people and the market, making the temptation and incentive to influence government irresistible and, to a degree, necessary.

Curtailling how people spend their own money or their right to petition their government will do nothing to this influence peddling. Treating the symptoms and not the disease only further undermines the principles of freedom and property ownership.

Any serious reforms or effort to break away from the welfare state must be directed as much at corporate welfare as routine welfare. Since there is no serious effort to reject welfare on principle, the real conflict over how to divide what Government plunders will continue.

Once it is clear that it is not nearly as wealthy as it appears, this will become a serious problem and it will get the attention it deserves, even here in the Congress.

Preserving liberty and restoring constitutional precepts are impossible as long as the welfare mentality prevails, and that will not likely change until we have run out of money. But it will become clear as we move into the next century that perpetual wealth and the so-called balanced budget, along with an expanding welfare state, cannot continue indefinitely. Any effort to perpetuate it will only occur with the further erosion of liberty.

□ 2100

The role of the U.S. Government in public education has changed dramatically over the past 100 years. Most of the major changes have occurred in the second half of this century. In the 19th century, the closest the Federal Government got to public education was the land grant college program. In the last 40 years, the Federal Government has essentially taken charge of the entire system. It is involved in education at every level through loans, grants, court directives, regulations and curriculum manipulation. In 1900, it was of no concern to the Federal Government how local schools were run at any level.

After hundreds of billions of dollars, we have yet to see a shred of evidence that the drift toward central control over education has helped. By all measurements, the quality of education is down. There are more drugs and violence in the public schools than ever before. Discipline is impossible out of fear of lawsuits or charges of civil rights violations. Controlled curricula have downplayed the importance of our constitutional heritage while indoctrinating our children, even in kindergarten, with environmental mythology, internationalism and sexual liberation. Neighborhood schools in the early part of the 20th century did not experience this kind of propaganda.

The one good result coming from our failed educational system has been the limited, but important, revival of the notion that parents are responsible for their children's education, not the state. We have seen literally millions of children taken from the public school system and taught at home or in private institutions in spite of the additional expense. This has helped many students and has also served to pressure the government schools into doing a better job. And the statistics show that middle-income and low-income families are the most eager to seek an alternative to the public school system.

There is no doubt that the way schools are run, how the teachers teach and how the bills are paid is dramatically different from 100 years ago. And even though some that go through public schools do exceptionally well, there is clear evidence that the average high school graduate today is far less educated than his counterpart was in the early part of this century.

Due to the poor preparation of our high school graduates, college expects very little from their students since nearly everyone gets to go to college who wants to. Public school is compulsory and college is available to almost everyone, regardless of qualifications. In 1914, English composition was required in 98 percent of our colleges. Today, it is about one-third. Only 12 percent of today's colleges require mathematics be taught where in 1914,

82 percent did. No college now requires literature courses, but rest assured plenty of social babble courses are required as we continue to dumb down our Nation.

Federal funding for education grows every year, hitting \$38 billion this year, \$1 billion more than requested by the administration and 7 percent more than last year. Great congressional debates occur over the size of the classroom, student and teacher testing, bilingual education, teacher salaries, school violence and drug usage. And it is politically incorrect to point out that all these problems are not present in the private schools. Every year, there is less effort at the Federal level to return education to the people, the parents and the local school officials.

For 20 years at least, some of our presidential candidates advocated the abolishing of the Department of Education and for the Federal Government to get completely out of public education. This year, we will hear no more of that. The President got more money for education than he asked for and it is considered not only bad manners but also political suicide to argue the case for stopping all Federal Government education programs.

Talk of returning some control of Federal programs to the States is not the same as keeping the Federal Government out of education as directed by the Constitution. Of the 20 congressionally authorized functions granted by the Constitution, education is not one of them. That should be enough of a reason not to be involved. There is no evidence of any benefit and statistics show that great harm has resulted. It has cost us hundreds of billions of dollars, yet we continue the inexorable march toward total domination of our educational system by Washington bureaucrats and politicians. It makes no sense. It is argued that if the Federal funding for education did not continue, education would suffer even more. Yet we see poor and middle-class families educating their children at home or at private school at a fraction of the cost of a government school education, with results fantastically better, and all done in the absence of violence and drugs.

A case can be made that there would be more money available for education if we just left the money in the States to begin with and never brought it to Washington for the bureaucrats and the politicians to waste. But it looks like Congress will not soon learn this lesson, so the process will continue and the results will get worse. The best thing we could do now is pass a bill to give parents a \$3,000 tax credit for each child they educate. This would encourage competition and allow a lot more choice for parents struggling to help their children get a decent education.

The practice of medicine is now a government managed care system and

very few Americans are happy with it. Not only is there little effort to extricate the Federal Government from the medical care business but the process of expanding the government's role continues unabated. At the turn of the 19th century, it was not even considered a possibility that medical care was the responsibility of the Federal Government. Since Lyndon Johnson's Great Society programs of the 1960s, the role of the Federal Government in delivering medical care has grown exponentially. Today the Federal Government pays more than 60 percent of all the medical bills and regulates all of it. The demands continue for more free care at the same time complaints about the shortcomings of managed care multiply. Yet it is natural to assume that government planning and financing will sacrifice quality care. It is now accepted that people who need care are entitled to it as a right. This is a serious error in judgment.

There is no indication that the trend toward government medicine will be reversed. Our problems are related to the direct takeover of medical care in programs like Medicare and Medicaid. But it has also been the interference in the free market through ERISA mandates related to HMOs and other managed care organizations, as well as our tax code, that have undermined the private insurance aspect of paying for medical care. True medical insurance is not available. The government dictates all the terms.

In the early stages, patients, doctors and hospitals welcomed these programs. Generous care was available with more than adequate reimbursement. It led to what one would expect, abuse, overcharges and overuse. When costs rose, it was necessary through government rulemaking and bureaucratic management to cut reimbursement and limit the procedures available and personal choice of physicians. We do not have socialized medicine but we do have bureaucratic medicine, mismanaged by the government and select corporations who usurp the decision-making power from the physician. The way medical care is delivered today in the United States is a perfect example of the evils of corporatism and an artificial system that only politicians, responding to the special interests, could create. There is no reason to believe the market cannot deliver medical care in an efficient manner as it does computers, automobiles and televisions. But the confidence is gone and everyone assumes, just as in education, that only a Federal bureaucracy is capable of solving the problems of maximizing the number of people, including the poor, who receive the best medical care available. In an effort to help the poor, the quality of care has gone down for everyone else and the costs have skyrocketed.

Making generous medical savings accounts available is about the only program talked about today that offers an alternative to government mismanaged care. If something of this sort is not soon implemented, we can expect more pervasive government involvement in the practice of medicine. With a continual deterioration of its quality, the private practice of medicine will soon be gone.

Government housing programs are no more successful than the Federal Government's medical and education programs. In the early part of this century, government housing was virtually unheard of. Now the HUD budget commands over \$30 billion each year and increases every year. Finances of mortgages through the Federal Home Loan Bank, the largest Federal Government borrower, is the key financial institution pumping in hundreds of billions of dollars of credit into the housing market, making things worse. The Federal Reserve has now started to use home mortgage securities for monetizing debt. Public housing has a reputation for being a refuge for drugs, crimes and filth, with the projects being torn down as routinely as they are built. There is every indication that this entitlement will continue to expand in size regardless of its failures. Token local control over these expenditures will do nothing to solve the problem.

Recently, the Secretary of HUD, using public funds to sue gun manufacturers, claimed this is necessary to solve the problems of crime which government housing perpetuates. If a government agency, which was never meant to exist in the first place under the Constitution, can expand their role into the legislative and legal matters without the consent of the Congress, we indeed have a serious problem on our hands. The programs are bad enough in themselves but the abuse of the rule of law and ignoring the separation of powers makes these expanding programs that much more dangerous to our entire political system and is a direct attack on personal liberty. If one cares about providing the maximum best housing for the maximum number of people, one must consider a free market approach in association with a sound, nondepreciating currency. We have been operating a public housing program directly opposite to this and along with steady inflation and government promotion of housing since the 1960s, the housing market has been grossly distorted. We can soon expect a major downward correction in the housing industry prompted by rising interest rates.

Our attitude toward foreign policy has dramatically changed since the beginning of the century. From George Washington through Grover Cleveland, the accepted policy was to avoid entangling alliances. Although we spread our

wings westward and southward as part of our manifest destiny in the 19th century, we accepted the Monroe Doctrine notion that European and Asians should stay out of our affairs in this hemisphere and we theirs. McKinley, Teddy Roosevelt, and the Spanish American war changed all that. Our intellectual and political leaders at the turn of the last century brought into vogue the interventionist doctrine setting the stage for the past 100 years of global military activism. From a country that once minded its own business, we now find ourselves with military personnel in more than 130 different countries protecting our modern day American empire. Not only do we have troops spread to the four corners of the Earth, we find Coast Guard cutters in the Mediterranean and around the world, our FBI in any country we choose, and the CIA in places Congress does not even know about. It is a truism that the state grows and freedom is diminished in times of war. Almost perpetual war in the 20th century has significantly contributed to steadily undermining our liberties while glorifying the state.

In addition to the military wars, liberty has also suffered from the domestic wars on poverty, literacy, drugs, homelessness privacy and many others. We have in the last 100 years gone from the accepted and cherished notion of a sovereign Nation to one of a globalist new world order. As we once had three separate branches of our government, the United Nations proudly uses its three branches, the World Bank, the IMF and the World Trade Organization to work their will in this new era of globalism. Because the U.S. is by far the strongest military industrial power, it can dictate the terms of these international institutions, protecting what we see as our various interests such as oil, along with satisfying our military industrial complex. Our commercial interests and foreign policy are no longer separate. This allows for subsidized profits while the taxpayers are forced to protect huge corporations against any losses from overseas investments. The argument that we go about the world out of humanitarian concerns for those suffering, which was the excuse for bombing Serbia, is a farce. As bad as it is that average Americans are forced to subsidize such a system, we additionally are placed in greater danger because of our arrogant policy of bombing nations that do not submit to our wishes. This generates the hatred directed toward America, even if at times it seems suppressed, and exposes us to a greater threat of terrorism since this is the only vehicle our victims can use to retaliate against a powerful military state.

But even with the apparent success of our foreign policy and the military might we still have, the actual truth is that we have spread ourselves too thin-

ly and may well have difficulty defending ourselves if we are ever threatened by any significant force around the world. At the close of this century, we find our military preparedness and morale at an all-time low. It will become more obvious as we move into the 21st century that the cost of maintaining this worldwide presence is too high and cutbacks will be necessary. The costs in terms of liberty lost and the unnecessary exposure to terrorism are difficult to determine but in time it will become apparent to all of us that foreign interventionism is of no benefit to American citizens but instead is a threat to our liberties.

Throughout our early history and up to World War I, our wars were fought with volunteers. There was no military draft except for a failed attempt by Lincoln in the Civil War which ended with justified riots and rebellion against it. The attitudes toward the draft definitely changed over the past century. Draftees were said to be necessary to fight in World War I and World War II, Korea and Vietnam. This change in attitude has definitely satisfied those who believe that we have an obligation to police the world. The idiocy of Vietnam served as a catalyst for an antidraft attitude which is still alive today. Fortunately we have not had a draft for over 25 years, but Congress refuses to address this matter in a principled fashion by abolishing once and for all the useless selective service system. Too many authoritarians in Congress still believe that in times of need, an army of teenage draftees will be needed to defend our commercial interests throughout the world. A return to the spirit of the republic would mean that a draft would never be used and all able-bodied persons would be willing to volunteer in defense of their liberty. Without the willingness to do so, liberty cannot be saved. A conscripted army can never substitute for the willingness of freedom-loving Americans to defend their country out of their love for liberty.

□ 2115

The U.S. monetary system. The U.S. monetary system during the 20th Century has dramatically changed from the one authorized by the Constitution. Only silver and gold were to be used in payment of debt, and no paper money was to be issued. In one of the few restrictions on the states, the Constitution prohibited them from issuing their own money, and they were to use only gold and silver in payment of debt. No Central Bank was authorized.

The authors of the Constitution were well aware of the dangers of inflation, having seen the harm associated with the destruction of the Continental currency. They never wanted to see another system that ended with the slogan, "it's not worth a Continental." They much preferred sound as a dollar,

or as good as gold, as a description of our currency.

Unfortunately, their concerns as they were reflected in the Constitution have been ignored and as this century closes we do not have a sound dollar as good as gold. The changes to our monetary system are by far the most significant economic events of the 20th Century. The gold dollar of 1900 is now nothing more than a Federal Reserve note with a promise by untrustworthy politicians and the central bankers to pay nothing for it.

No longer is there silver or gold available to protect the value of a steadily depreciating currency. This is a fraud of the worst kind and the type of a crime that would put a private citizen behind bars. But there have been too many special interests benefitting by our fiat currency, too much ignorance and too much apathy regarding the nature of money.

We will surely pay the price for this negligence. The relative soundness of our currency that we enjoy as we move into the 21st Century will not persist. The instability in world currency market because of the dollar's acceptance for so many years as the world's currency, will cause devastating adjustments that Congress will eventually be forced to address.

A transition from sound money to paper money did not occur instantaneously. It occurred over a 58 year period between 1913 and 1971, and the mischief continues today.

Our Central Bank, the Federal Reserve System, established in 1913 after two failed efforts in the 19th Century, has been the driving force behind the development of our current fiat system. Since the turn of the century, we have seen our dollar lose 95 percent of its purchasing power, and it continues to depreciate. This is nothing less than theft, and those responsible should be held accountable.

The record of the Federal Reserve is abysmal, yet at the close of the 20th Century, its chairman is held in extremely high esteem, with almost zero calls for study of sound money with the intent to once again have the dollar linked to gold.

Ironically, the government and politicians are held in very low esteem, yet the significant trust in them to maintain the value of the currency is not questioned. But it should be.

The reasons for rejecting gold and promoting paper are not mysterious, since quite a few special interests benefit. Deficit financing is much more difficult when there is no Central Bank available to monetize government debt. This gives license to politicians to spend lavishly on the projects that are most likely to get them reelected. War is more difficult to pursue if government has to borrow or tax the people for its financing. The Federal Reserve's ability to create credit out of

thin air to pay the bills run up by Congress establishes a symbiosis that is easy for the politician to love.

It is also advantageous for the politicians to ignore the negative effects from such a monetary arrangement, since they tend to be hidden and disseminated. A paper money system attracts support from various economic groups. Bankers benefit from the float that they get with the fractional reserve banking that accompanies a fiat monetary system. Giant corporations who get to borrow large funds at below market interest rates enjoy the system and consistently call for more inflation and artificially low interest rates. Even the general public seems to benefit from the artificial booms brought about by credit creation, with lower interest rates allowing major purchases like homes and cars.

The naive and uninformed fully endorse the current system because the benefits are readily available, while the disadvantages are hidden, delayed or not understood. The politicians, central bankers, commercial banks, big business borrowers, all believe their needs justify such a system.

But the costs are many and the dangers are real. Because of easy credit throughout this century we have found out that financing war was easier than if taxes had to be raised. The many wars we have fought and the continuous military confrontations in smaller wars since Vietnam have made the 20th Century a bloody century. It is most likely that we would have pursued a less militaristic foreign policy if financing it had been more difficult.

Likewise, financing the welfare state would have progressed much slower if our deficits could not have been financed by an accommodative Central Bank willing to inflate the money supply at will.

There are other real costs as well that few are willing to believe are a direct consequence of Federal Reserve Board policy. Rampant inflation after World War I as well as the 1921 depression were a consequence of monetary policy during and following the war. The stock market speculation of the 1920s, the stock market collapse of 1929 and the depression of the 1930s causing millions to be unemployed, all resulted from Federal Reserve Board monetary mischief.

Price inflation of the early 1950s was a consequence of monetary inflation required to fight the Korean War. Wage and price controls used then totally failed, yet the same canard was used during the Vietnam war in the early 1970s to again impose wage and price controls, with even worse results.

All the price inflation, all the distortions, all the recessions and unemployment should be laid at the doorstep of the Federal Reserve. The Fed is an accomplice in promoting all unnecessary war, as well as the useless and harmful

welfare programs, with its willingness to cover Congress' profligate spending habits.

Even though the Fed did great harm before 1971 after the total elimination of the gold-dollar linkage, the problems of deficit spending, welfare expansion and military-industrial complex influence have gotten much worse.

Although many claim the 1990s have been great economic years, Federal Reserve Board action of the past decade has caused problems yet to manifest itself. The inevitable correction will come as the new century begins, and it is likely to be quite serious.

The stage has been set. Rampant monetary growth has led to historic high asset inflation, massive speculation, overcapacity, malinvestment, excessive debt, a negative savings rate and a current account deficit of huge proportions. These conditions dictate a painful adjustment, something that would have never occurred under a gold standard.

The special benefits of foreigners taking our inflated dollars for low priced goods and then loaning them back to us will eventually end. The dollar must fall, interest rates must rise, price inflation will accelerate, the financial asset bubble will burst, and a dangerous downturn in the economy will follow.

There are many reasons to believe the economic slowdown will be worldwide, since the dollar is the reserve currency of the world. An illusion about our dollar's value has allowed us to prop up Europe and Japan in this past decade during a period of weak growth for them, but when reality sets in, economic conditions will deteriorate. Greater computer speed, which has helped to stimulate the boom of the 1990s, will work in the opposite direction as all of the speculative positions unwind, and that includes the tens of trillions of dollars in derivatives.

There was a good reason the Federal Reserve rushed to rescue long-term capital management with a multibillion dollar bailout: It was unadulterated fear that the big correction was about to begin. Up until now, feeding the credit bubble with even more credit has worked, and is the only tool they have to fight the business cycle, but eventually control will be lost.

A paper money system is dangerous economically and not constitutionally authorized. It is also immoral for government to counterfeit money, which dilutes the value of the currency and steals values from those who hold the currency and those who do not necessarily benefit from its early circulation.

Not everyone benefits from the largesse of government spending programs or systematic debasement of the currency. The middle class, those not on

welfare and not in the military industrial complex suffer the most from rising prices and job losses in the correction phase of the business cycle.

Congress must someday restore sound money to America. It is mandated in the Constitution, it is economically sound to do so, and it is morally right to guarantee a standard of value for the money. Our oath of office obligates all Members of Congress to pay attention to this and participate in this needed reform.

Police state. A police state is incompatible with liberty. One hundred years ago the Federal Government was responsible for enforcing very few laws. This has dramatically changed. There are now over 3,000 Federal laws and 10,000 regulations, employing hundreds of thousands of bureaucrats diligently enforcing them, with over 80,000 of the bureaucrats carrying guns.

We now have an armed national police state, just as Jefferson complained of King George in the Declaration of Independence. "He has sent hither swarms of officers to harass our people and eat out their substance."

A lot of political and police power has shifted from the state and local communities to the Federal Government over the past 100 years. If a constitutional republic is desired and individual liberty is cherished, this concentration of power cannot be tolerated.

Congress has been derelict in creating the agencies in the first place and ceding to the Executive the power to write regulations and even tax without Congressional approval. These agencies enforce their own laws and supervise their own administrative court system where citizens are considered guilty until proven innocent. The Constitution has been thrown out the window for all practical purposes, and although more Americans every day complain loudly, Congress does nothing to stop it.

The promoters of the bureaucratic legislation claim to have good intentions, but they fail to acknowledge the cost, inefficiency or the undermining of individual rights. Worker safety, environmental concerns, drug usage, gun control, welfarism, banking regulations, government insurance, health insurance, insurance against economic and natural disaster, and the regulation of fish and wildlife are just a few of the issues that prompts the unlimited use of Federal regulatory and legislative power to deal with perceived problems.

But, inevitably, for every attempt to solve one problem, government creates two new ones. National politicians are not likely to volunteer a market or local government solution to a problem, or they will find out how unnecessary they really are.

Congress' careless attitude about the Federal bureaucracy and its penchant

for incessant legislation have prompted serious abuse of every American citizen. Last year alone there were more than 42,000 civil forfeitures of property occurring without due process of law or conviction of a crime, and oftentimes the owners were not even charged with a crime.

Return of illegally ceased property is difficult, and the owner is forced to prove his innocence in order to retrieve it. Even though many innocent Americans have suffered, these laws have done nothing to stop drug usage or change people's attitude toward the IRS.

Seizure and forfeitures only make the problems they are trying to solve that much worse. The idea that a police department under Federal law can seize property and receive direct benefit from it is an outrage. The proceeds can be distributed to the various police agencies without going through the budgetary process. This dangerous incentive must end.

The national police state mentality has essentially taken over crime investigation throughout the country. Our local sheriffs are intimidated and frequently overruled by the national police. Anything worse than writing traffic tickets prompts swarms of Federal agents to the scene. We frequently see the FBI, the DEA, the CIA, the BATF, Fish and Wildlife, the IRS, Federal marshals and even the Army involved in local law enforcement. They do not come to assist, but to take over.

The two most notorious examples of federal abuse of police powers were seen at Ruby Ridge and Waco, where non-aggressive citizens were needlessly provoked and killed by government agents. At Waco, even Army tanks were used to deal with a situation that the local sheriff could have easily handled.

These two incidents are well-known, but thousands of other similar abuses routinely occur with little publicity. The Federal police state seen in the action the Ruby Ridge and Waco hopefully is not a sign of things to come, but it could be, if we are not careful.

If the steady growth of the Federal police power continues, the American republic cannot survive. The Congresses of the 20th Century have steadily undermined the principle that the government closest to home must deal with law and order, and not the Federal Government.

The Federal courts also have significantly contributed to this trend. Hopefully in the new century our support for a national police state will be diminished. We have in this past century not only seen the undermining of the Federalism that the Constitution desperately tried to preserve, but the principles of separation of powers among the three branches of government has been severely compromised as well.

The Supreme Court no longer just rules on Constitutionality, but fre-

quently rewrites the laws with attempts at comprehensive social engineering. The most blatant example was the *Roe v. Wade* ruling. The Federal court should be hearing a lot fewer cases, deferring as often as possible to the states courts.

Throughout the 20th Century, with Congress' obsession for writing laws for everything, the Federal courts were quite willing to support the idea of a huge interventionist Federal Government. The fact that the police officers in the Rodney King case were tried twice for the same crime, ignoring the constitutional prohibition against double jeopardy, was astoundingly condoned by the courts, rather than condemned. It is not an encouraging sign that the concept of equal protection under the law will prevail.

□ 2130

Mr. Speaker, I will yield back the few minutes I have left because I plan to complete my special order on this subject on Wednesday evening.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BECERRA (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. ABERCROMBIE (at the request of Mr. GEPHARDT) for today on account of illness.

Mr. DAVIS of Illinois (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. BROWN of Ohio (at the request of Mr. GEPHARDT) for today and the balance of the week on account of illness.

Ms. SÁNCHEZ (at the request of Mr. GEPHARDT) for today and the balance of the week on account of official business.

Ms. CARSON (at the request of Mr. GEPHARDT) for today and the balance of the week on account of official business.

Mr. TURNER (at the request of Mr. GEPHARDT) for today, February 1 and 2 on account of family medical emergency.

Ms. KILPATRICK (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. SANFORD (at the request of Mr. ARMEY) for today and February 1 on account of personal reasons.

Mr. SCHAFFER (at the request of Mr. ARMEY) for today on account of travel delay.

Mr. KINGSTON (at the request of Mr. ARMEY) for today on account of flight delays.

Mr. WATKINS (at the request of Mr. ARMEY) for today on account of official business.